

November 18, 2003

Honorable W. J. "Billy" Tauzin
Chairman
Committee on Energy
and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Based on a preliminary review of the November 18, 2003, conference agreement for H.R. 6, the Energy Policy Act of 2003, CBO estimates that enactment would increase direct spending by \$3.7 billion over the 2004-2008 period and by \$5.4 billion over the 2004-2013 period. CBO and the Joint Committee on Taxation estimate that the act would reduce revenues by \$17.4 billion over the 2004-2008 period and by \$25.7 billion over the 2004-2013 period. The estimated direct spending and revenue effects of the act are summarized below. A table with additional details is enclosed.

	By Fiscal Year, in Millions of Dollars										Total
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Estimated Budget											
Authority	852	890	859	724	615	426	322	251	244	245	5,428
Estimated Outlays	685	765	828	749	697	486	352	277	270	270	5,379
Estimated Revenues	-2,460	-4,311	-5,031	-3,456	-2,180	-1,990	-1,208	-1,126	-1,726	-2,202	-25,690

SOURCES: CBO and Joint Committee on Taxation.

In addition, enactment of H.R. 6 would affect spending subject to appropriation action. However, CBO has not completed an estimate of the potential discretionary costs of the act.

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If you wish further details on this estimate, we will be pleased to provide them.
The CBO staff contact is Kathy Gramp.

Sincerely,

Douglas Holtz-Eakin
Director

Enclosure

cc: Honorable John D. Dingell
Ranking Member

Identical letter sent to the Honorable Pete V. Domenici.

ESTIMATED IMPACT OF THE CONFERENCE AGREEMENT FOR H.R. 6 ON DIRECT SPENDING AND REVENUES
November 18, 2003

	By Fiscal Year, in Millions of Dollars										2001-	2004-
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2008	2013
CHANGES IN DIRECT SPENDING												
Title I - Energy Performance Savings												
Contracts												
Estimated Budget Authority	245	317	374	319	285	292	298	305	311	317	1,540	3,063
Estimated Outlays	204	282	323	339	322	307	303	306	312	317	1,470	3,015
Title II												
Corps of Engineers Hydropower Funding												
Estimated Budget Authority	145	0	0	0	0	0	0	0	0	0	145	145
Estimated Outlays	145	0	0	0	0	0	0	0	0	0	145	145
Other Provisions												
Estimated Budget Authority	3	3	4	5	5	5	5	5	5	5	20	45
Estimated Outlays	3	3	4	5	5	5	5	5	5	5	20	45
Subtotal, Title II												
Estimated Budget Authority	148	3	4	5	5	5	5	5	5	5	165	190
Estimated Outlays	148	3	4	5	5	5	5	5	5	5	165	190
Title III - Oil and Gas Provisions												
Estimated Budget Authority	61	73	94	94	96	58	52	37	33	29	418	627
Estimated Outlays	61	73	94	94	96	58	52	37	33	29	418	627
Title IV - Coal Provisions												
Estimated Budget Authority	0	0	0	0	0	1	1	1	1	1	0	5
Estimated Outlays	0	0	0	0	0	1	1	1	1	1	0	5
Title VI - Uranium Sales												
Estimated Budget Authority	94	0	0	0	0	0	0	0	0	0	94	94
Estimated Outlays	94	0	0	0	0	0	0	0	0	0	94	94
Title IX - Ultra-deep Water and Unconventional Sources Research Program												
Estimated Budget Authority	150	150	150	150	150	150	150	150	150	150	750	1,500
Estimated Outlays	25	100	150	175	175	175	175	175	175	175	625	1,500
Title XII												
Electric Reliability Standards												
Estimated Budget Authority	100	102	104	106	108	110	112	114	116	118	520	1,090
Estimated Outlays	100	102	104	106	108	110	112	114	116	118	520	1,090
Third-party Financing of Power Marketing Administration Transmission Projects												
Estimated Budget Authority	0	50	0	50	0	0	0	0	0	0	100	100
Estimated Outlays	0	10	20	30	20	20	0	0	0	0	80	100
Subtotal, Title XII												
Estimated Budget Authority	100	152	104	156	108	110	112	114	116	118	620	1,190
Estimated Outlays	100	112	124	136	128	130	112	114	116	118	600	1,190

Continued

ESTIMATED IMPACT OF THE CONFERENCE AGREEMENT FOR H.R. 6 ON DIRECT SPENDING AND REVENUES
Continued

November 18, 2003

	By Fiscal Year, in Millions of Dollars										2001- 2008	2004- 2013
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
Title XIV												
Domestic Offshore Energy Reinvestment												
Estimated Budget Authority	0	210	235	135	135	110	85	60	60	60	715	1,090
Estimated Outlays	0	210	235	135	135	110	85	60	60	60	715	1,090
Other provisions												
Estimated Budget Authority	54	56	58	58	58	55	55	55	55	55	284	559
Estimated Outlays	53	56	58	58	58	55	55	55	55	55	283	558
Subtotal, Title XIV												
Estimated Budget Authority	54	266	293	193	193	165	140	115	115	115	999	1,649
Estimated Outlays	53	266	293	193	193	165	140	115	115	115	998	1,648
Title XV - Renewable Content of Motor Fuels												
Estimated Budget Authority	0	-71	-160	-193	-222	-355	-436	-476	-487	-490	-646	-2,890
Estimated Outlays	0	-71	-160	-193	-222	-355	-436	-476	-487	-490	-646	-2,890
Total, Direct Spending												
Estimated Budget Authority	852	890	859	724	615	426	322	251	244	245	3,940	5,428
Estimated Outlays	685	765	828	749	697	486	352	277	270	270	3,724	5,379
CHANGES IN REVENUES												
Title III - Oil and Gas Provisions												
Estimated Revenues	0	0	12	13	13	13	14	0	0	0	38	65
Title XII - Electric Reliability Standards												
Estimated Revenues	75	77	78	80	81	83	84	86	87	89	391	820
Title XIII - Energy Tax Incentives												
Estimated Revenues ^a	-2,535	-4,323	-5,000	-3,378	-2,025	-1,749	-884	-705	-1,234	-1,688	-17,261	-23,521
Title XV - Renewable Content of Motor Fuel												
Estimated Revenues	<u>0</u>	<u>-65</u>	<u>-121</u>	<u>-171</u>	<u>-249</u>	<u>-337</u>	<u>-422</u>	<u>-507</u>	<u>-579</u>	<u>-603</u>	<u>-606</u>	<u>-3,054</u>
Total Changes in Revenues	-2,460	-4,311	-5,031	-3,456	-2,180	-1,990	-1,208	-1,126	-1,726	-2,202	-17,438	-25,690

a. Estimate supplied by the Joint Committee on Taxation.